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Market Administrator's

BULLETIN

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Consumption About the Same In 1964-65

The Dairy Situation, Economic Research Service USDA May 1965

Civilian consumption of milk in all products in 1965 will probably be about the same as the 118.8 billion in 1964, despite the decline in domestic donations of butter and a 1 day shorter year. As in 1964, an increase is expected in sales of fluid milk products, cheese, and frozen dairy products. Total butter sales are expected to be about the same, but evaporated milk use is again expected to be down.

Donations of cheese and nonfat dry milk for school lunch and welfare distribution are likely to remain near 1964 levels, but butter will be lower for the year primarily because welfare donations were sharply reduced this year. Milk used on farms where produced is likely to decline further. These forecasts are based on trends in the past few years and an expectation of continued favorable economic conditions during 1965.

In 1964, civilian consumption of milk in all forms, 118.8 billion pounds of milk equivalent, was 1.4 billion pounds over 1963. Gains from commercial sources were about 1.5 billion pounds; fluid use in the school lunch and special milk programs was up 0.1 billion pounds; and CCC dona-

tions for schools and welfare gained 0.3 billion pounds. These increases were partially offset by a decline of 0.5 billion pounds in milk consumed on farms where produced. Consumption, excluding donations from CCC supplies, gained 1.3 billion pounds.

Fluid milk and cream consumption rose the most, 0.4 billion pounds; consumption of butter, cheese, frozen desserts, condensed milk, dry whole milk, and nonfat dry milk increased slightly. Evaporated milk use fell.

On a per capita basis, total civilian consumption of milk in all products declined as it has in 7 of the 8 previous years, from 629 in 1963 to 627 pounds in 1964. However, the 2-pound decline was far less than the 10-pound average annual decline from 1956 through 1963. The 2-pound drop in civilian use, exclusive of CCC donations, to 600 pounds per person was also below the 1956-63 average decline.

The increase in per capita cheese disappearance to 9.3 pounds was primarily in commercial use of American cheese. Per capita use of frozen dairy products, condensed and dry whole milk also increased slightly. Nonfat dry milk disappearance per

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DAIRY STOCKS BELOW A YEAR AGO

The Dairy Situation, Economic Research Service
USDA May 1965

Total stocks of manufactured dairy products were estimated at about 5.3 billion pounds (milk equivalent) at the beginning of April, about 2.2 billion under a year earlier. This is the lowest stock level for that date since 1961. While commercial holdings rose slightly in 1964-65, Government stocks dropped substantially.

Milk production and marketings are gaining, and CCC and commercial stocks are rising seasonally in the second quarter. The level of CCC stocks at mid-year will depend primarily on how rapidly production in excess of domestic commercial use moves into commercial and CCC export sales channels or under various donation programs.

USDA butter and nonfat dry milk stocks rose in first quarter 1965 from the low levels on January 1; but stocks of both commodities were well below end-of-March 1964 levels.

Domestic and foreign outlets may use most of CCC's purchases in the 1965-66 marketing year. Therefore, ending stocks on March 31, 1966, may be near March 31, 1965, levels.

Commercial stocks at the beginning of 1965-66 were 4.0 billion pounds (milk equivalent), about the same as a year earlier.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

May 1965	April 1965	May 1964
\$3.81	\$3.98	\$3.55
4.48	4.47	4.17
3.170	3.170	3.120
—	—	—
—	—	—
7.4¢	7.5¢	7.0¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

68.5	78.7	65.0
66.3	73.6	62.9
31.5	21.3	35.0
33.7	26.4	37.1
—	—	—
—	—	—
—	—	—
—	—	—

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

51,476,010	46,055,974	53,392,057
1,660,516	1,535,199	1,119,988
1,669	1,664*	1,674
995	928	1,029
3.60	3.78	3.66
\$2,143,948	\$2,022,187	\$2,088,014
\$290	\$283*	\$281

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

34,043,394	34,981,741	33,504,375
1,241,982	1,283,470	1,228,862
35,285,376	36,265,211	34,733,237
15,558,470	9,330,673	22,296,625
632,163	460,089	860,387
16,190,633	9,790,762	23,157,012

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

416,747	445,648	410,993
6,471	6,395	6,904
30,638	23,314	27,576
13,960	15,170	13,542
9,017	9,910	9,707

* Corrected figures — April, 1965

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ MAY, 1956 - '65

Year	Receipts From Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1956	30,035 601	3.77	63.1	8.4	13.6	14.9	3.87	4.757	3.897	3.397	3.220	2,056	471
1957	30,240 247	3.70	67.6	7.2	14.4	10.8	3.88	4.568	4.168	3.488	3.066	1,908	511
1958	30,140 831	3.69	66.3	7.6	9.5	16.6	3.56	4.274	3.874	3.274	2.851	1,822	534
1959	32,669,711	3.68	69.6	7.4	3.0	20.0	3.58	4.289	3.839	3.507	2.887	1,767	596
1960	33,354,543	3.75	67.4	7.1	2.7	22.8	3.44	4.132	3.732	3.508	2.888	1,673	643
1961	33,290,673	3.73	69.1	7.2	2.9	20.8	3.61	4.239	3.839	3.763	3.143	1,240	866
1962	38,340,798	3.69	67.1	7.9	4.7	20.3	3.44	4.06	3.717	3.569	2.949	1,315	941
1963	43,626,535	3.68	66.8	7.2	4.0	22.0	3.45	4.09	3.705	3.603	2.983	1,378	1,021
1964	53,392,057	3.66	65.0	35.0	—	—	3.55	4.17	3.12	—	—	1,674	1,029
1965	51,476,010	3.60	68.5	31.5	—	—	3.81	4.48	3.17	—	—	1,669	995

Price Support Removals Continuing Large In 1965-66 Marketing Year

The Dairy Situation, Economic Research Service USDA, May 1965

Farm marketings of milk and cream in marketing year 1965-66 are expected to exceed those of last marketing year by about 1 percent. Commercial demand for milk and dairy products is expected to increase, but probably by a smaller amount than last year. So, net CCC purchases and payment-in-kind (PIK) exports combined are expected to rise above the 8.2 billion pounds (net milk equivalent) and 1,223 million pounds of nonfat dry milk removed in 1964-65.

CCC purchases (delivery basis) of butter and nonfat dry milk last marketing year were smaller than in 1963-64. The reductions were due to increase commercial exports under

the PIK program. Purchases and PIK exports combined in 1964-65 were larger for both butter and nonfat dry milk, since PIK exports more than offset the decline in CCC purchases. Net butter purchases and PIK exports were 317 million pounds, up 8 percent from 1963-64, while those of nonfat dry milk were 4 percent above a year earlier. Cheese purchases rose 11 percent to 135 million pounds, despite further gains in commercial outlets. On a milk equivalent basis, net CCC purchases and PIK exports combined were 8.2 billion pounds, 0.7 billion pounds more than in 1963-64, after allowing for domestic sales by CCC of 36 million pounds

of butter and 0.7 million pounds of cheese.

CCC purchases and PIK exports combined were 2.9 billion pounds (milk equivalent) in January-March 1965, about one-fifth above the same period of 1964. This occurred even though, according to trade sources, some inventory accumulation had occurred in anticipation of higher CCC buying prices. Removals under USDA programs usually reach a seasonal peak in the April-June quarter when marketings and manufactured output reach their peaks. This marketing year's first quarter diversions will likely exceed the 3.6 billion pounds of April-June 1964.

Gains In Milk Output Slowed In March

The Dairy Situation, Economic Research Service USDA May 1965

Milk production in March was 11,155 million pounds, 0.5 percent above a year earlier. The rate of increase in March was down sharply from the 2 percent for November-February, as severe weather and heavy snow hit many of the important milk-producing areas in northern United States.

First quarter production totalled 31.3 billion pounds, 1.5 percent above year-earlier output (adjusted for extra day in February 1964) and 3.5 percent above the 1959-63 average for the period. Second quarter production is likely to continue above the same period of 1964, with the

rate of gain dependent on forage and pasture conditions. Expectations remain that 1965 production will total about a billion pounds more than the 126.6 billion pounds produced in 1964.

Cooler-than-normal weather in early spring slowed pasture development. Dairy pasture conditions on April 1 were 73 percent of normal for the United States, 1 point above a year earlier but 3 points below the 1959-63 average. In the South, pastures were generally late because of below-normal temperatures and short because drought conditions and heavy grazing last fall left pastures weakened. In the West, pasture conditions

varied considerably, depending on the amount of moisture since last fall; on the whole, however, cool March weather delayed growth. In the North Central States, cold weather and snow persisted during much of March, and spring pastures are expected to be later than usual. Above-normal precipitation occurred in the North Atlantic States, where pastures were weakened by last fall's shortage of soil moisture and the relatively open winter. However, cold weather delayed pasture development in this region, where there are scattered shortages of hay and silage.

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THE
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CONSUMPTION ABOUT THE
SAME IN 1964 AND 1965

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person rose from 5.8 to 5.9 pounds. The consumption of fluid milk and cream during 1964, at 305 pounds per person (milk equivalent), was 3 pounds below 1963. Per capita use of butter dropped slightly with further declines in commercial and farm use. Per capita consumption of evaporated milk continued downward at about the rate of previous years.

Retail dairy product prices (BLS) during January-February 1965 were slightly above a year earlier. The largest increase, 3 percent, was for packaged cheese. Butter and evaporated milk gained slightly. Fresh milk, both store and delivered, remained about the same, while ice cream declined.

In 25 major cities, whole milk sold out of stores in half-gallon containers averaged 46.4 cents during January-April, the same as last year for that period. Increases in processing and distribution costs are likely to cause retail prices to rise slightly this year, although 1964 retail price gains were primarily due to increased farm prices; margin between farm and retail prices fell slightly in the USDA dairy "Market Basket" series.

Increased support purchase prices for butter and cheese may cause slight gains over a year earlier in second quarter retail prices for these products.

Market Quotations

MAY
1965

MINNESOTA - WISCONSIN PRICE SERIES	\$3.22
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.071
Average Price per lb. 92-score butter at Chicago5897
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant1428

USDA Studies Market Potential for Low-Fat Milk

Sales of a new milk product—low-fat milk—may triple by 1970, according to a report issued today by the U. S. Department of Agriculture.

The report, a joint study by USDA's Economic Research Service and Statistical Reporting Service, points out that weight-conscious consumers are buying more and more low fat milk. It says sales of low-fat milk are expected to increase faster than sales of whole or skim milk during the next few years.

In 1963, low-fat milk sales rose an estimated 24 percent over a year earlier and exceeded sales of regular skim milk.

Low-fat milk, sometimes called "two-percent" milk, has become widely available only in recent years. It usually contains about 2 percent butterfat and 10 percent nonfat solids. Whole milk, in contrast, has about 3.5 percent butterfat and 8.5 percent nonfat solids, the report points out.

Producers boost the nutritional value of low-fat milk by adding non-

fat milk solids, usually in the form of nonfat dry milk powder. Often, low-fat milk is fortified with Vitamins A and D, according to the report.

Surveys in Milwaukee and New Orleans reveal that about half of the families using low-fat milk use it in place of whole, skim, or other forms of fluid milk. Most of the remaining families drink low-fat milk in addition to other forms of fluid milk.

Weight-watching is the chief reason consumers give for drinking low-fat milk. Low-fat milk sales exceed skim milk sales in many areas. Consumers say they like low-fat milk because of its nutritional value and because of its generally acceptable taste, the report says.

Education and income are related to the use of low-fat milk, the study found. The better educated the family-head and the higher the income of the family the more likely the family is to drink low-fat milk, according to the report.